



Case Study: Cameco Corporation's Journey to Implement a Treasury Management System Based on SAP S/4 HANA Finance

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Cameco

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In This Session

- **Learn how Cameco Corporation moved from a complex, Excel-based treasury management system that relied heavily on manual processes to one based on SAP S/4HANA Finance**
- **Hear how Cameco undertook one of the first Treasury and Cash Management implementations on SAP S/4HANA Finance and:**
 - ♦ **Designed a two-phase implementation process, beginning with Treasury and Risk Management and finishing with Cash and Liquidity Management**
 - ♦ **Took a sidecar approach to the implementation, bringing treasury onto SAP S/4HANA Finance while the remainder of the company continued on ECC**
 - ♦ **Learned from challenges faced during the implementation process, including a test period that was more robust than expected and the ups and downs of using new technology**

What We'll Cover

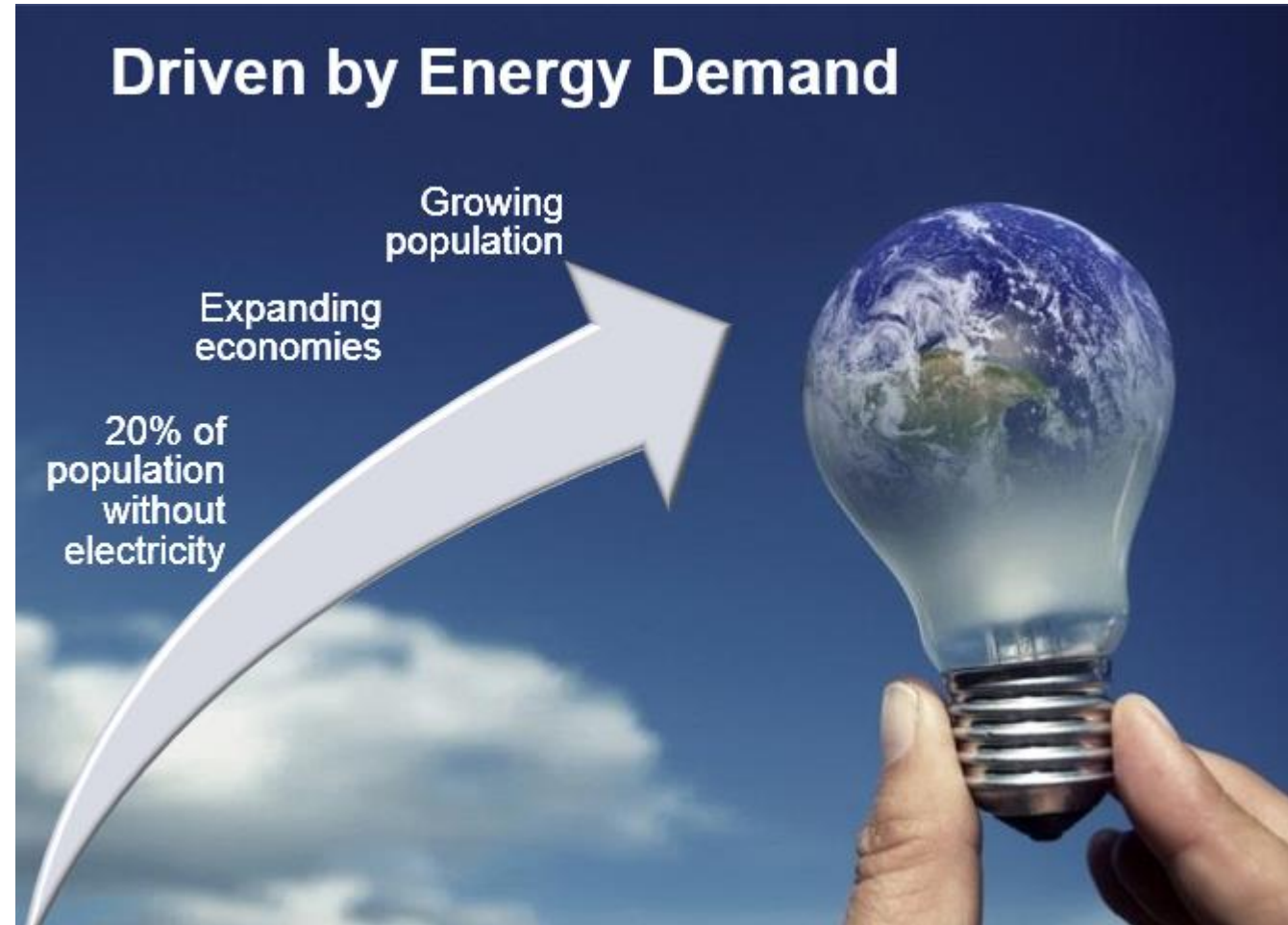
- Introduction
- Treasury role – our job
- Original environment – our starting point
- Project plan – our strategy
- Looking back – our lessons learned
- Wrap-up

Introduction: Cameco Corporation

- Uranium mining industry
- Saskatoon, Saskatchewan, Canada
- Electricity demand expected to grow rapidly in developing countries over next 20 years
- Substantial reactor growth planned
- Japan's slow to return to nuclear after Fukushima causing market uncertainty



NUCLEAR. The Clean Air Energy.



Introduction: Cameco Corporation (cont.)

- Focus on tier-one assets
- Well positioned for a market shift, but we need our systems to be prepared as well



Cigar Lake, Saskatchewan
Uranium grades 100 times the world average



McArthur River, Saskatchewan
World's largest high grade uranium mine



Inkai, Kazakhstan
Significant low cost source of uranium



Cameco

NUCLEAR. The Clean Air Energy.

Introduction: Why We Are Here

- **Cameco Treasury began its Treasury Workstation (TWS) project in 2014 and it is expected to be completed during Q2**
- **The TWS is the first non-Excel-based treasury system used by Cameco**
- **We chose to utilize SAP S/4HANA Finance despite the rest of the company remaining on the existing SAP ECC system (sidecar approach) to implement:**
 - ♦ **SAP Treasury and Risk Management (TRM)**
 - ♦ **SAP Bank Account Management (BAM)**
 - ♦ **SAP Cash and Liquidity Management (CLM)**
 - ♦ **SWIFT AllianceLite 2 for payment, confirmation, and advice processing**
 - ♦ **Bloomberg data feed for market data**
- **Our project has faced many challenges, but we have successfully completed many aspects and reached significant milestones on others**

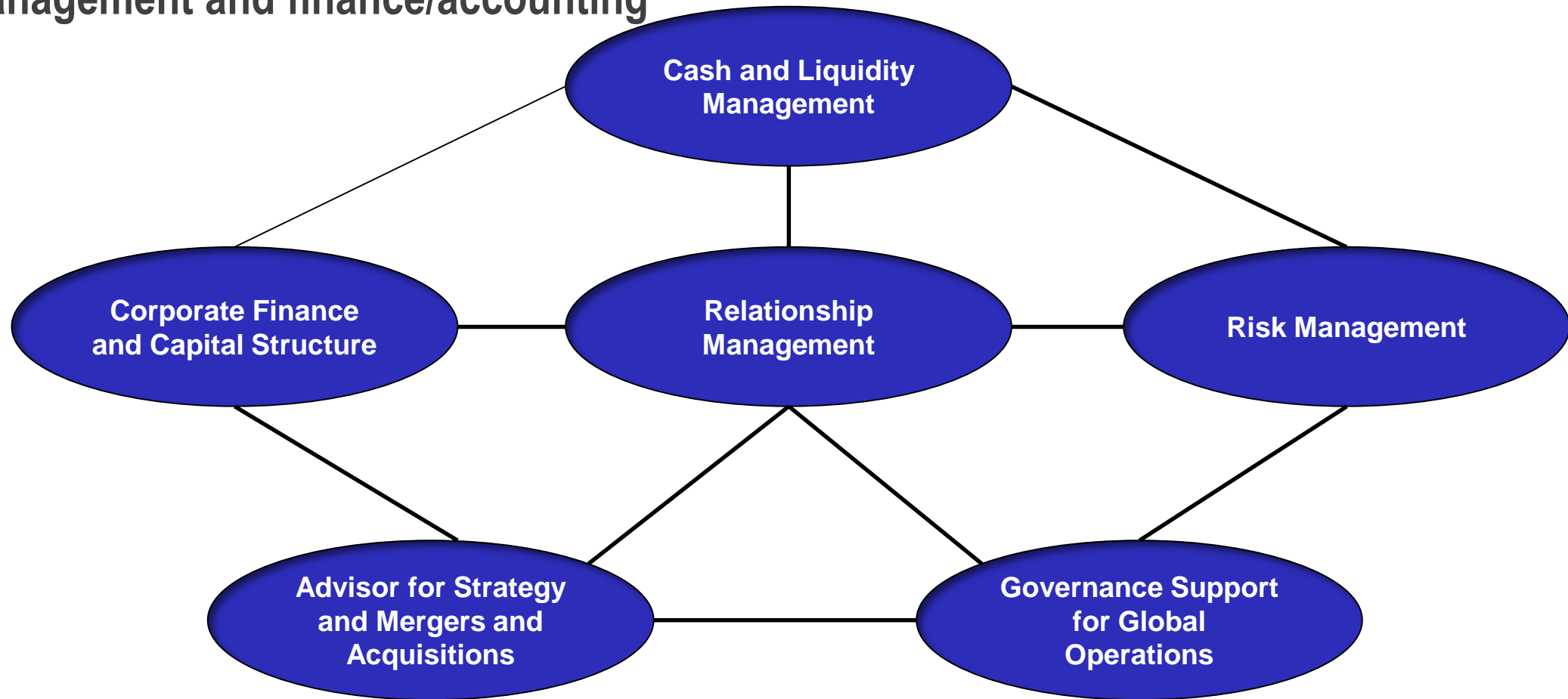
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Treasury Role: Responsibilities



- Centralized treasury comprised of 6 active treasury users + 10 “read-only” users in management and finance/accounting





Treasury Role: Responsibilities (cont.)

- Treasury is responsible for:
 - ◆ Consolidated cash and liquidity management
 - ▶ Multi-company and multi-currency cash forecast
 - *Detailed to the end of the next calendar year (daily)*
 - *Includes information from across the company and international subsidiaries*
 - *Basis for all cash management decisions (investing, borrowing, etc.)*
 - ◆ Managing/monitoring all bank accounts
 - ◆ Letter of credit issuances



Treasury Role: Responsibilities (cont.)



- **Complex global structure requiring a variety of intercompany transactions and activities**
- **Risk Management on net foreign exchange (FX) and interest rate exposures**
 - ♦ **Hedge foreign currency cash flows (USD) only**
 - ♦ **Follow hedge management rules for strategic planning, but do not do hedge accounting and documentation**
- **Relationship management**
 - **Banks, Rating Agencies, Subsidiaries, etc.**





Treasury Role: Financial Instruments

- **FX**
 - ◆ **Spot**
 - ◆ **Forwards**
 - ◆ **Options**
- **Interest Rate Swaps**
- **Money Market investments**
- **Bank Facilities/loans**
 - ◆ **Letters of credit**
 - ◆ **Revolving credit facility**
- **Intercompany loan facilities**
- **Intercompany equity transactions**

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Original Environment: Treasury System Landscape

- Cash forecast
 - ◊ Microsoft Excel
- Hedging databases
 - ◊ Microsoft Excel
- Investment databases
 - ◊ Microsoft Excel
- Bank account details listing
 - ◊ Microsoft Excel
- Transactional documentation
 - ◊ Microsoft Excel
- Reporting
 - ◊ Microsoft Excel
- Market data
 - ◊ Bloomberg – select data manually keyed to Microsoft Excel
- Bank Statements
 - ◊ Some electronic statements manually downloaded and uploaded into SAP



Problem



Original Environment: SAP Landscape

- 1 SAP instance (SAP ECC 6.0 EHP 7)
 - ♦ FICO
 - ▶ Classical ledger
 - ▶ IFRS only
 - ▶ Single chart of accounts
 - ♦ PM/HR/QM/PI/MM/PS/PP
 - ♦ SD in implementation phase
- 40 active company codes

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Project Plan: Project Objectives

- Prepare for future growth and compliance requirements
- Reduce manual work load to allow time for value-added activities
- Single book of records in SAP
- Minimize media breaks
- Minimize Microsoft Excel usage to reduce risk of manual errors
- Achieve straight-through processing
- Decrease month-end closing time and risk of discrepancies
- Automate financial instrument valuations
- Ability to perform risk simulations on portfolios



Checklist

Project Plan: Project Considerations



Checklist

- **The solution must:**
 - ♦ **Be SAP based in order to maximize use of existing ERP system**
 - ♦ **Allow Treasury to proceed without affecting the system landscape of the rest of the company**
 - ♦ **Utilize standard functionality as much as possible in order to minimize costly and time-consuming customization**
 - ♦ **Offer easy, visually appealing dashboard and reporting functionality**
 - ♦ **Enable Treasury processes to align with best practice**



Project Plan: Why SAP S/4HANA?

- Available features
 - ◆ Fiori
 - ◆ Dashboards
 - ◆ Sleek reports & charts
 - ◆ Mobile compatibility
- Technology of the future
 - ▶ Take advantage of new features as they become available



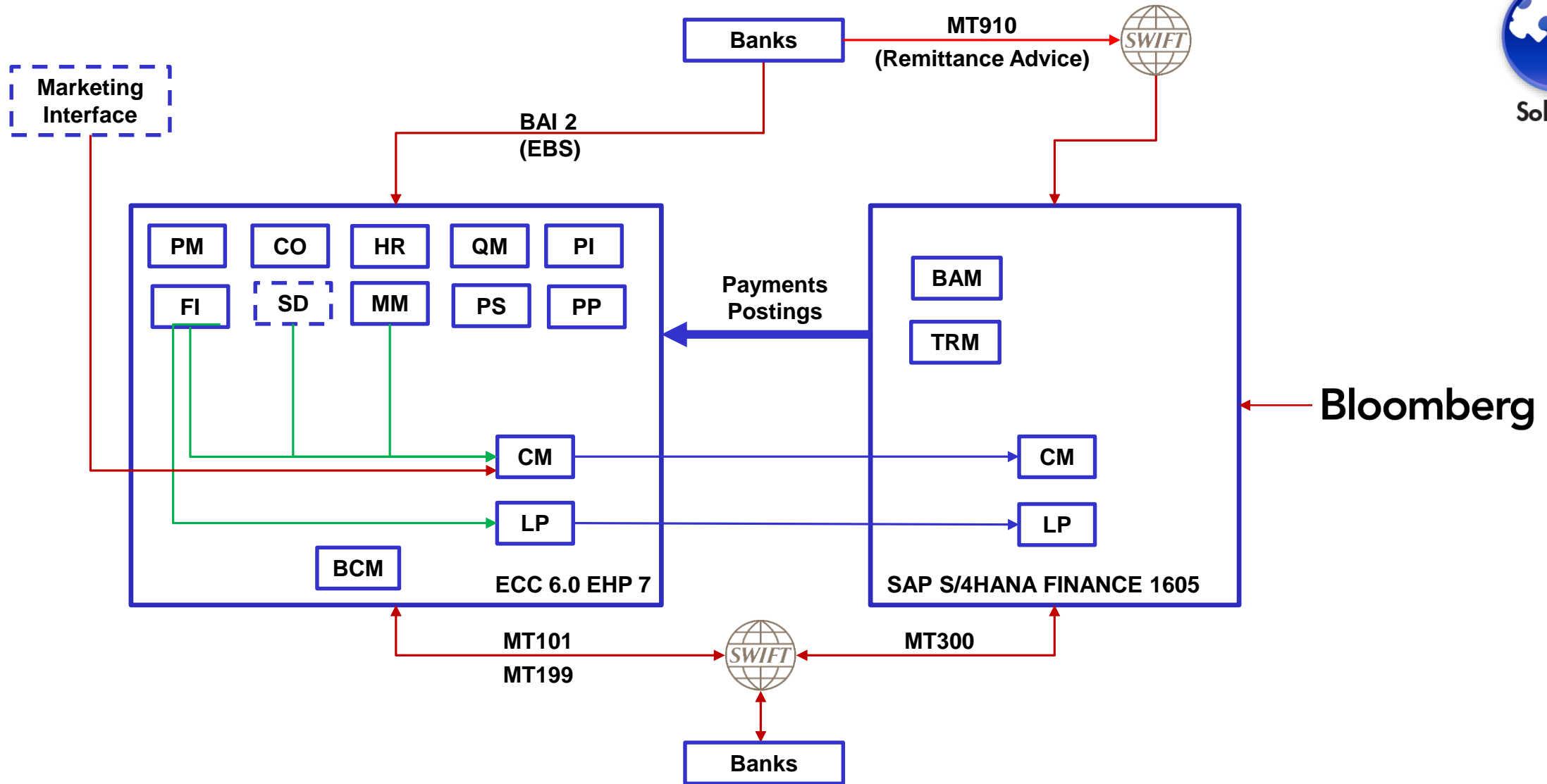
Note

TRM does not have new features yet, but we are ready when they are!

- ▶ Best use of implementation effort
- ▶ If we are going through a long, tough implementation, why not go all the way?



Project Plan: The Solution Architecture



Project Plan: Phase I

- **Kick-Off: June 2015**
- **Go-Live: June 2016**
- **Phase included:**
 - ♦ **Treasury Risk Management (TRM)**
 - ♦ **SWIFT Payment Processing**
 - ♦ **Bank Account Management (BAM)**
 - ♦ **Integration of live market data feed**
- **Treasury transactions touched:**
 - ♦ **FX (spot, forward, options)**
 - ♦ **Investments**
 - ♦ **Interest rate swaps**
 - ♦ **Debt/short-term borrowings**
 - ♦ **Letters of credit**
 - ♦ **Intercompany debt and equity**
 - ♦ **Facilities (syndicated and bi-lateral)**

Project Plan: Phase I (cont.)

- Highlights:
 - ◆ Required use of SAP S/4 HANA Cloud services for development system
 - ◆ Extensive testing cycles February – May
 - ◆ Special requirements
 - ▶ Reporting
 - ▶ Marketing interface
 - ▶ Hedge strategy, not hedge accounting



Note

Current status = Fully operation except:

- ◆ Custom report enhancements
- ◆ Extension of some features to all bank accounts/payment processes

Project Plan: Phase 2

- **Kick-Off: Jul 2016**
- **Go-Live: Targeted Apr 2017**
- **Phase includes:**
 - ♦ **Cash & Liquidity Management (CLM)**
 - ♦ **SWIFT MT910 processing**
- **Treasury transactions touched:**
 - ♦ **All cash transactions!**
 - ♦ **The cash forecast is basis for all treasury decisions and planning**

Project Plan: Phase 2 (cont.)

- **Highlights:**

- ◆ Completed upgrade to 1605 prior to development
- ◆ Special requirements on:
 - ▶ Variance analysis
 - ▶ Intercompany fund sweeps
 - ▶ Time horizon of reporting

- ◆ Expectation to run current Microsoft Excel cash forecast parallel to CLM for some time after go-live as we enhance business processes to ensure accurate and timely information is populated in SAP



Note

Current status = Final stage of testing

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Looking Back: Challenges



Caution

- **As expected, leading the way can be challenging**
 - ♦ **Cameco's in-house HANA platform was not ready for our development to begin, therefore we required SAP's Cloud solution to get started:**
 - ▶ **Tough – we do most things in-house so it was challenging to adapt to outsourcing**
 - ▶ **Fantastic – we would have been delayed for months without it**
 - ▶ **Transition back to in-house platform had to be carefully planned against the project schedule**
 - ♦ **Working through software glitches**
 - ▶ **SAP very responsive, but investigation and resolution take time on new issues**
 - ♦ **Learning curve for internal groups on integration between ECC and SAP S/4HANA TWS**
- **SAP Sales and Distribution (SD) project implementation delay**

Looking Back: Tips



Tip

- **Ensure the business is highly involved upfront in:**
 - ◆ **Setting project objectives**
 - ◆ **Choosing consultants that meet business needs as well technical requirements**
- **Allocate appropriate time to:**
 - ◆ **Ensure adequate business capacity**
 - ◆ **Ensure adequate in-house technical resource capacity for:**
 - ▶ **Custom requirements consume developer time**
 - ▶ **Connectivity between systems (SWIFT, Bloomberg, ECC/SAP S/4HANA)**
 - ◆ **Allow for sufficient testing**
 - ▶ **Fully integrated**
 - ▶ **As many test cases as the business needs to feel comfortable**
- **Strong project management to ensure business and technical side are aligned**

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Where to Find More Information

- www.sap.com/solution/lob/finance/treasury-financial-risk-management.html
 - ♦ SAP Treasury Management landing page
- <http://s4hanafinance.sapjourneymap.com/>
 - ♦ SAP S/4HANA Finance Journey Map
- https://cdn.training.sap.com/cdn/pdf/SAPFinance_learning-journey_beta.pdf
 - ♦ “SAP S/4HANA Learning Journey” (SAP SE).
- Jens Kruger, *SAP S/4HANA Finance: An Introduction* (SAP PRESS, 2016).

7 Key Points to Take Home

- **Treasury solution for treasury**
 - ◆ **Ensure the business has a lead/key role throughout the project**
- **Don't let the existing system landscape hold you back**
 - ◆ **Consider solutions outside the norm (side car, cloud services)**
- **Create steps to success**
 - ◆ **Break a large project into manageable pieces**
 - ◆ **The team needs to feel progress along the way**

7 Key Points to Take Home (cont.)

- **Shiny new toys require patience**
 - ◊ **Extra time may be required to get the new technology working how you want it to**
- **Use standard functionality to simplify and save time**
- **Take the time you need**
 - ◊ **An implementation will strain resources, especially in traditionally lean treasury teams so plan to give your team time to be thorough in all aspects of the project**
- **Test, test, and then test some more!**
 - ◊ **Plan for enough test cases and cycles to ensure the team is comfortable with the results**

Your Turn!



Questions?

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